

ASSEMBLY BILL

No. 1368

Introduced by Assembly Member Patterson

February 22, 2013

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 1368, as introduced, Patterson. Self-generation incentive program.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations, as defined. Existing law requires the PUC, in consultation with the State Energy Resources Conservation and Development Commission, to administer, until January 1, 2016, a self-generation incentive program for distributed generation resources and to separately administer solar technologies pursuant to the California Solar Initiative.

This bill would make technical, nonsubstantive changes to this requirement.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 379.6 of the Public Utilities Code is
2 amended to read:
3 379.6. (a) (1) It is the intent of the Legislature that the
4 self-generation incentive program increase deployment of
5 distributed generation and energy storage systems to facilitate the
6 integration of those resources into the electrical grid, improve

1 efficiency and reliability of the distribution and transmission
2 system, and reduce emissions of greenhouse gases, peak demand,
3 and ratepayer costs. It is the further intent of the Legislature that
4 the commission, in future proceedings, provide for an equitable
5 distribution of the costs and benefits of the program.

6 (2) The commission, in consultation with the Energy
7 Commission, may authorize the annual collection of not more than
8 the amount authorized for the self-generation incentive program
9 in the 2008 calendar year, through December 31, 2014. The
10 commission shall require the administration of the program for
11 distributed energy resources originally established pursuant to
12 Chapter 329 of the Statutes of 2000 until January 1, 2016. On
13 January 1, 2016, the commission shall provide repayment of all
14 unallocated funds collected pursuant to this section to reduce
15 ratepayer costs.

16 (3) The commission shall administer solar technologies
17 separately, pursuant to the California Solar Initiative adopted by
18 the commission in ~~Decision~~ *Decisions 05-12-044 and 06-01-024,*
19 *as modified by Article 1 (commencing with Section 2851) of*
20 *Chapter 9 of Part 2, and Chapter 8.8 (commencing with Section*
21 *25780) of Division 15, of the Public Resources Code.*

22 (b) Eligibility for incentives under the program shall be limited
23 to distributed energy resources that the commission, in consultation
24 with the State Air Resources Board, determines will achieve
25 reductions of greenhouse gas emissions pursuant to the California
26 Global Warming Solutions Act of 2006 (Division 25.5
27 (commencing with Section 38500) of the Health and Safety Code).

28 (c) Eligibility for the funding of any combustion-operated
29 distributed generation projects using fossil fuel is subject to all of
30 the following conditions:

31 (1) An oxides of nitrogen (NO_x) emissions rate standard of 0.07
32 pounds per megawatthour and a minimum efficiency of 60 percent,
33 or any other NO_x emissions rate and minimum efficiency standard
34 adopted by the State Air Resources Board. A minimum efficiency
35 of 60 percent shall be measured as useful energy output divided
36 by fuel input. The efficiency determination shall be based on 100
37 percent load.

38 (2) Combined heat and power units that meet the 60-percent
39 efficiency standard may take a credit to meet the applicable NO_x
40 emissions standard of 0.07 pounds per megawatthour. Credit shall

1 be at the rate of one megawatt-hour for each 3.4 million British
2 thermal units (Btus) of heat recovered.

3 (3) The customer receiving incentives shall adequately maintain
4 and service the combined heat and power units so that during
5 operation, the system continues to meet or exceed the efficiency
6 and emissions standards established pursuant to paragraphs (1)
7 and (2).

8 (4) Notwithstanding paragraph (1), a project that does not meet
9 the applicable NO_x emissions standard is eligible if it meets both
10 of the following requirements:

11 (A) The project operates solely on waste gas. The commission
12 shall require a customer that applies for an incentive pursuant to
13 this paragraph to provide an affidavit or other form of proof that
14 specifies that the project shall be operated solely on waste gas.
15 Incentives awarded pursuant to this paragraph shall be subject to
16 refund and shall be refunded by the recipient to the extent the
17 project does not operate on waste gas. As used in this paragraph,
18 “waste gas” means natural gas that is generated as a byproduct of
19 petroleum production operations and is not eligible for delivery
20 to the utility pipeline system.

21 (B) The air quality management district or air pollution control
22 district, in issuing a permit to operate the project, determines that
23 operation of the project will produce an onsite net air emissions
24 benefit, compared to permitted onsite emissions if the project does
25 not operate. The commission shall require the customer to secure
26 the permit prior to receiving incentives.

27 (d) In determining the eligibility for the self-generation incentive
28 program, minimum system efficiency shall be determined either
29 by calculating electrical and process heat efficiency as set forth in
30 Section 216.6, or by calculating overall electrical efficiency.

31 (e) In administering the self-generation incentive program, the
32 commission may adjust the amount of rebates and evaluate other
33 public policy interests, including, but not limited to, ratepayers,
34 energy efficiency, peak load reduction, load management, and
35 environmental interests.

36 (f) The commission shall ensure that distributed generation
37 resources are made available in the program for all ratepayers.

38 (g) (1) In administering the self-generation incentive program,
39 the commission shall provide an additional incentive of 20 percent

1 from existing program funds for the installation of eligible
2 distributed generation resources from a California supplier.

3 (2) “California supplier” as used in this subdivision means any
4 sole proprietorship, partnership, joint venture, corporation, or other
5 business entity that manufactures eligible distributed generation
6 resources in California and that meets either of the following
7 criteria:

8 (A) The owners or policymaking officers are domiciled in
9 California and the permanent principal office, or place of business
10 from which the supplier’s trade is directed or managed, is located
11 in California.

12 (B) A business or corporation, including those owned by, or
13 under common control of, a corporation, that meets all of the
14 following criteria continuously during the five years prior to
15 providing eligible distributed generation resources to a
16 self-generation incentive program recipient:

17 (i) Owns and operates a manufacturing facility located in
18 California that builds or manufactures eligible distributed
19 generation resources.

20 (ii) Is licensed by the state to conduct business within the state.

21 (iii) Employs California residents for work within the state.

22 (3) For purposes of qualifying as a California supplier, a
23 distribution or sales management office or facility does not qualify
24 as a manufacturing facility.

25 (h) The costs of the program adopted and implemented pursuant
26 to this section shall not be recovered from customers participating
27 in the California Alternate Rates for Energy (CARE) program.